



Lenders Newsletter

SANTA ANA DISTRICT OFFICE



DISTRICT DIRECTOR'S MESSAGE

Surfs Up! Catch a wave and join us at our annual Small Business Week Luncheon on May 26th! We will have another outstanding group of winners that we will be honoring. It is always a pleasure to hear their wonderful stories, and I thank you all for helping us identify these exceptional role models in our small business community.

See you on April 22nd for our Quarterly Lender Breakfast.

Sandy Sutton

Inside this issue:

District Director's Message	1
Employee Award Winners	1
Lender Breakfast	1
IRS Contact Information	2
Legal News	2
Sign up for "SBA Lender Update"	2
Finance Training	2
Small Business Week Award Program	2
Business Matchmaking	3



EMPLOYEE AWARD WINNERS

The employee award winners for the first quarter are as follows:

Mike LaBella received the SUPERIOR TEAMWORK Award. Mike has exhibited outstanding flexibility in responding to SBA's changing needs. He enthusiastically pitched-in when he was temporarily assigned to the Liquidation Pilot Program, and now he has transferred to Herndon, VA to be part of SBA's centralized liquidation operation. Mike is the consummate team player.

The EXCELLENT CUSTOMER SERVICE Award is presented to Paz Reyes. Paz always responds in a positive manner to requests from lenders, the public, or from SBA personnel. She strives to handle all requests promptly and accurately. She treats everyone with respect and always is considerate of our customers' priorities and needs.

The TECHNICAL WORK ACHIEVEMENT Award goes to Marvin Whitham. Marvin is not only an expert in SBA's liquidation policies and procedures, but also has a wealth of private-sector commercial lending experience. He makes good use of this knowledge to work with our lenders to close liquidation cases in a timely manner with a prudent level of recovery.

Save the Date

SADO will hold its Lender Breakfast on April 22, 2004 at the Marriott Fullerton.

To make reservations, call Lisa Jenkins at (909) 781-2345.

IRS CONTACT INFORMATION

SBA Information Notice 5000-906 updates the contact names and telephone numbers for IRS Service Centers. These centers are to be used to request copies of IRS tax transcripts to verify business financial information included in SBA loan applications. This Notice applies to the 7(a) and 504 Loan Programs. Questions may be directed to Judy Baker, IRS, at (404) 338-8319 or Len Fagan, SBA, at (202) 205-6301.

LEGAL NEWS

1. Headquarters has just released a form **Subordination Agreement** to be used for **Conoco Phillips** transactions. This Agreement was written to address concerns about the option to purchase. If you would like a copy of the document, please contact Kathy Chapman in the legal division at (714) 550-7420, ext. 3612.

2. The Southland Corporation, franchisor for **7-11** stores, has developed a new franchise agreement. Whether or not the new franchise agreement will meet SBA's eligibility requirements has not yet been tested. Consequently, 7-11 franchise documents should be sent to SBA for review.

3. SBA loan processing offices have recently become aware of a new entity known as the Entrepreneur Rollover Stock Ownership Plan (ERSOP) which uses 401 (k) or IRA rollover assets to finance a business. Neither the Office of General Counsel nor the Office of Financial Assistance have taken an official position as to whether an ERSOP is covered by the SBA's rules and regulations covering Employee Stock Option Plans (ESOPs). Accordingly, it is not appropriate for PLP lenders or local SBA offices to issue a waiver for guaranty as can be done for ESOPs. All such requests for waiver of guaranty must be transmitted to the Associate Administrator for Financial Assistance in accordance with the usual procedure for granting of waivers for owners of 20% or more interest in the eligible passive concern or the operating concern.

SIGN UP FOR "SBA LENDER UPDATE"

SBA Procedural Notice NO. 5000-911, issued on March 10, 2004, announced that partners may receive "SBA LENDER UPDATE" via LISTSERV. LISTSERV is an SBA electronic mailing list used to electronically disseminate topic-related publications to people who have opted to enroll. The LISTSERV will not be used to distribute all SBA notices, only those containing time-sensitive information that must be distributed immediately. SBA will continue to post 5000-series notices at <http://www.sba.gov/banking/indexnotices.html>. To subscribe simply go to the following LISTSERV website: <http://www.sba.gov/banking/listserv.html>

FINANCE TRAINING

The Finance Division would like to offer customized training to our lenders. If you have certain loan officers that could benefit from SOP training, 7a & 504 eligibility and structures, underwriting and packaging, SBAExpress, Capline, or others, please let us know. Training can be done at the district office or at the lender's place of business. To request training, please contact Zanetta Emery at (714)550-7420 ext. 3807 or email Zanetta at zanetta.emery@sba.gov

Save the Date

SBA Small Business Week Awards Program

May 26, 2004

The Grove of Anaheim

For more information and to
make reservations, please
contact the Orange County
Small Business Development
Center at 714-564-5200

Business Matchmaker Brings Smiles to 1,000 Entrepreneurs



The Small Business Administration and Hewlett-Packard Co. produced a hit Business-Matchmaker event at the Disneyland Hotel on Feb. 9-11, with 1,000 businesses getting a chance to pitch their wares.

This was the third such SBA/Hewlett-Packard show, and the biggest and most successful. More are planned for other cities around the country. Historically, the lion's share of key outsourcing contracts from the government has been awarded to businesses in a very limited geographic area in and around Washington, D.C. In fact, the government spends more than \$240 billion on goods and services each year and its statutory goal is to have at least 23 percent of those dollars – or \$55 billion – go to small business, yet more than 80 percent of those small business contracts go to businesses located within 50-60 miles of the nation's capital.

Business Matchmaking not only takes business opportunities outside the Beltway to Main Street U.S.A., but it also levels the playing field between small businesses and their larger competitors by facilitating face-to-face meetings with public and private organizations for real-time procurement opportunities.

Companies were registered and trained in advance – and given appointments with buyers appropriate to the products and services they had for sale. Each company had a chance to make as many as five appointments of 15 minutes each with big businesses and Federal buyers who came from all over the country.

SBA Administrator Hector Baretto spoke to a packed luncheon on Tuesday, and Deputy Administrator Melanie Sabelhaus spoke the next day. They said that more than 150 buyers were represented at the event.

The Santa Ana SBA office was the host, and was assisted by the Los Angeles and San Diego offices in helping to prepare for this event, along with our resource partners, the SBDCs, SCORE and Women Business Centers.

Administrator Baretto said that no Federal money was spent on the Matchmaker. Hewlett-Packard picked up the tab.

Advance publicity had been so exciting that the event was "sold out" three weeks before the doors opened.

The Matchmaker differs from trade fairs in that each business has a chance for a quiet and orderly appointment with buyers, rather than having to jostle around tables for the few seconds which can be grabbed on the fly.

An article in the Orange County Register referred to the event as...**"Speed dating' event builds relationships** SBA, Hewlett-Packard play matchmaker for small businesses, potential buyers." It said that the event was "reminiscent of speed dating, where singles rotate around a room for a series of brief dates." Both sellers and buyers praised the business matchmaking concept saying that it was very worthwhile, unique and extremely efficient.